

Results Driven Agriculture Research  
Financial Statements  
For the year ended March 31, 2023

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For the year ended March 31, 2023

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## Independent Auditor's Report

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To the board of directors of  
Results Driven Agriculture Research

### *Opinion*

We have audited the financial statements of Results Driven Agriculture Research (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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## Independent Auditor's Report (continued)

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- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Edmonton, Alberta  
September 21, 2023

Results Driven Agriculture Research  
Statement of Financial Position

March 31							2023	2022
	CAP Admin Supplemental Fund	CAP Admin Fund	Funding Agreement Fund	On-Farm Climate Action Fund	Operating Fund	Total		
<b>Assets</b>								
<b>Current</b>								
Cash	\$ -	\$ -	\$ 29,061,336	\$ 12,127,487	\$ -	\$ 41,188,823	\$ 28,125,955	
Short-term investment	-	-	-	-	-	-	10,048	
Accounts receivable	2,050,000	-	216,392	44,188	-	2,310,580	26,661	
Prepaid expenses	-	-	29,083	-	-	29,083	19,134	
Due from (to) other funds	(2,050,000)	-	2,050,000	-	-	-	-	
	-	-	31,356,811	12,171,675	-	43,528,486	28,181,798	
Capital assets (Note 2)	-	-	49,247	-	-	49,247	31,463	
	\$ -	\$ -	\$ 31,406,058	\$ 12,171,675	\$ -	\$ 43,577,733	\$ 28,213,261	
<b>Liabilities</b>								
<b>Current</b>								
Accounts payable and accrued liabilities (Note 3)	\$ -	\$ -	\$ 183,148	\$ 58,829	\$ -	\$ 241,977	\$ 164,103	
Deferred revenue (Note 4)	-	-	-	-	-	-	1,757,902	
Current portion of project funding commitments	-	-	11,778,437	5,610,266	-	17,388,703	21,882,011	
	-	-	11,961,585	5,669,095	-	17,630,680	23,804,016	
Project funding commitments	-	-	6,215,727	-	-	6,215,727	5,129,783	
	-	-	18,177,312	5,669,095	-	23,846,407	28,933,799	
<b>Net Assets (Deficit)</b>								
Fund balances	-	-	13,228,746	6,502,580	-	19,731,326	(720,538)	
	\$ -	\$ -	\$ 31,406,058	\$ 12,171,675	\$ -	\$ 43,577,733	\$ 28,213,261	

Approved on behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

Results Driven Agriculture Research  
Statement of Changes in Net Assets

For the year ended March 31, 2023

	CAP Admin Supplemental Fund	CAP Admin Fund	Funding Agreement Fund	On-Farm Climate Action Fund	Operating Fund	Total
Balance, beginning of year	\$ -	\$ (3,945,359)	\$ 3,361,864	\$ -	\$ (137,043)	\$ (720,538)
Excess (deficiency) of revenue over expenses for the year	-	3,786,860	10,217,172	6,447,832	-	20,451,864
Interfund transfers (Note 6)	-	158,499	(350,290)	54,748	137,043	-
Balance, end of year	\$ -	\$ -	\$ 13,228,746	\$ 6,502,580	\$ -	\$ 19,731,326

For the year ended March 31, 2022

	CAP Admin Supplemental Fund	CAP Admin Fund	Funding Agreement Fund	On-Farm Climate Action Fund	Operating Fund	Total
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ 352,763	\$ 352,763
Excess (deficiency) of revenue over expenses for the period	-	(4,419,373)	3,346,072	-	-	(1,073,301)
Interfund transfers	-	474,014	15,792	-	(489,806)	-
Balance, end of period	\$ -	\$ (3,945,359)	\$ 3,361,864	\$ -	\$ (137,043)	\$ (720,538)

Results Driven Agriculture Research  
Statement of Operations

For the year ended March 31

2023

2022

	CAP Admin Supplemental Fund	CAP Admin Fund	Funding Agreement Fund	On-Farm Climate Action Fund	Operating Fund	Total	Total
Revenue	\$ 2,050,000	\$ 11,598,540	\$ 25,425,000	\$ 17,321,643	\$ 1,722,722	\$ 58,117,905	\$ 47,111,278
Expenses							
Research funding (Note 8)	-	7,084,051	16,041,726	10,376,512	-	33,502,289	46,022,643
Association base funding	2,050,000	-	-	-	-	2,050,000	-
Staffing	-	631,071	34,790	645,946	1,195,676	2,507,483	1,456,702
Professional	-	27,783	26,365	60,449	73,694	188,291	355,983
Board	-	67,772	3,348	-	62,357	133,477	158,470
Consulting (Note 7)	-	11,048	16,950	-	176,256	204,254	129,685
Administration	-	37,446	12,550	84,294	164,918	299,208	125,685
Travel	-	23,793	5,102	12,532	42,950	84,377	27,610
Amortization	-	-	22,101	-	6,871	28,972	23,143
	2,050,000	7,882,964	16,162,932	11,179,733	1,722,722	38,998,351	48,299,921
Excess (deficiency) of revenue over expenses before undernoted items	-	3,715,576	9,262,068	6,141,910	-	19,119,554	(1,188,643)
Other income (expenses)							
Interest	-	71,284	955,104	305,922	-	1,332,310	115,342
	-	71,284	955,104	305,922	-	1,332,310	115,342
Excess (deficiency) of revenue over expenses for the period	\$ -	\$ 3,786,860	\$ 10,217,172	\$ 6,447,832	\$ -	\$ 20,451,864	\$ (1,073,301)

Results Driven Agriculture Research  
Statement of Cash Flows

For the year ended March 31	CAP Admin Supplemental Fund	CAP Admin Fund	Funding Agreement Fund	On-Farm Climate Action Fund	Operating Fund	2023 Total	2022 Total
Cash flows from operating activities							
Excess (deficiency) of revenue over expenses for the period	\$ -	\$ 3,786,860	\$ 10,217,172	\$ 6,447,832	\$ -	\$ 20,451,864	\$ (1,073,301)
Adjustment for non-cash items							
Amortization	-	-	22,101	-	6,871	28,972	23,143
Interfund transfers (Note 6)	-	158,499	(374,882)	54,748	161,635	-	-
	-	3,945,359	9,864,391	6,502,580	168,506	20,480,836	(1,050,158)
Change in non-cash working capital items							
Decrease (increase) in accrued short-term investment	-	-	-	-	8	8	(38)
Decrease (increase) in accounts receivable	(2,050,000)	2,896	(201,094)	(44,188)	8,466	(2,283,920)	(7,794)
Decrease (increase) in prepaid expenses	-	-	(29,083)	-	19,134	(9,949)	(7,828)
Decrease (increase) in due from (to) other funds	2,050,000	-	(2,050,000)	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	-	-	183,148	58,829	(164,103)	77,874	28,986
Increase (decrease) in deferred revenue	-	-	-	-	(1,757,902)	(1,757,902)	1,757,902
Increase (decrease) in project funding commitments	-	(7,837,705)	(1,179,925)	5,610,266	-	(3,407,364)	27,011,794
	-	(3,889,450)	6,587,437	12,127,487	(1,725,891)	13,099,583	27,732,864
Cash flows from investing activities							
Purchase of capital assets	-	-	(46,755)	-	-	(46,755)	(9,586)
Proceeds from sale of short-term investment	-	-	-	-	10,040	10,040	10,040
Purchase of short-term investment	-	-	-	-	-	-	(10,040)
	-	-	(46,755)	-	10,040	(36,715)	(9,586)
Net change in cash	-	(3,889,450)	6,540,682	12,127,487	(1,715,851)	13,062,868	27,723,278
Cash, beginning of year	-	3,889,450	22,520,654	-	1,715,851	28,125,955	402,677
Cash, end of year	\$ -	\$ -	\$ 29,061,336	\$ 12,127,487	\$ -	\$ 41,188,823	\$ 28,125,955



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# Results Driven Agriculture Research Notes to the Financial Statements

March 31, 2023

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## Nature of operations

Results Driven Agriculture Research (the "Organization") is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act. The Organization is exempt from income taxes under Section 149(1)(l) of the Canadian Income Tax Act.

The key objectives of the Organization are to manage strategic investments that support results driven agriculture research and to promote collaboration and partnership among producers, processors, and the public sector.

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## 1. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

### Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Accounts specifically affected by estimates in these financial statements are project funding commitments and revenue recognition.

### Revenue recognition

The Organization follows the restricted fund method of accounting for contributions. Grant monies received are recognized as revenue in the year received or receivable and allocated to appropriations based on the specific agreement. Any restricted contributions for which no corresponding restricted fund is presented are recognized as revenue in the year in which the related expenses are incurred with any remaining amounts recorded as deferred revenue. Investment income is recognized as revenue when earned and allocated to appropriations based on the investments held in each appropriation.

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# Results Driven Agriculture Research Notes to the Financial Statements

March 31, 2023

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1. Summary of significant accounting policies (continued)

Fund accounting

The Organization's accounts are maintained in accordance with principles of restricted fund accounting for contributions. The accounts have been segregated into the following funds or appropriations to reflect the purposes for which funds are designated.

i) Operating Fund

The Operating Fund is used for the Organization's administrative and other activities.

ii) CAP Admin Fund and CAP Admin Supplemental Fund

The CAP Admin Fund is used to fund agriculture research and is funded by a grant provided through a partnership between the Federal and Provincial Government, called the Canadian Agriculture Partnership ("CAP").

iii) Funding Agreement Fund

The Funding Agreement Fund is used to fund agriculture research and is funded by a grant provided by Alberta Agriculture and Irrigation.

iv) On-Farm Climate Action Fund

The On-Farm Climate Action Fund is used to provide support to farmers to adopt and implement immediate on-farm beneficial management practices to accelerate climate action efforts in net greenhouse gas emissions reductions.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations.

Capital assets

Capital assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

## Results Driven Agriculture Research Notes to the Financial Statements

March 31, 2023

1. Summary of significant accounting policies (continued)

Asset	Rate
Furniture and fixtures	5 years
Computer hardware and software	2 years

Amortization of leasehold improvements is recorded over the remaining term of the lease.

2. Capital assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 5,719	\$ 2,764	\$ 5,719	\$ 1,620
Leasehold improvements	8,260	4,446	8,260	2,542
Computer hardware and software	95,538	53,060	48,782	27,136
	109,517	60,270	62,761	31,298
Net book value		\$ 49,247		\$ 31,463

3. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$nil (2022 - \$7,528).

4. Deferred revenue

In 2022, the Organization received a grant for \$4,000,000 from Alberta Agriculture and Irrigation for the purpose of funding the Organization's operating costs. At the end of 2022, \$1,757,902 remained to be used for this purpose. In the current year, the full amount was amortized and included in revenue on the same basis as the eligible expenses were incurred. Of this, \$1,722,722 was recognized as revenue in the Operating Fund and \$35,180 was recognized as interest income in the Funding Agreement Fund.

5. Economic dependence

The Organization receives all of its revenue through funding agreements from the Government of Alberta and the Government of Canada. The Organization's continued operations are dependent on these funding agreements and on satisfying the terms of the agreements.

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## Results Driven Agriculture Research Notes to the Financial Statements

March 31, 2023

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6. Interfund transfers

As part of ongoing operations, the Organization transfers certain amounts between funds. During the year, amounts were transferred between the different funds to cover administrative expenses.

In the prior year, an amount of \$474,014 was transferred from the Operating Fund to the CAP Admin Fund in accordance with the grant agreement. Additionally, \$15,792 was transferred from the Operating Fund to the Funding Agreement Fund for funding purposes.

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7. Consulting

Included in this balance are \$24,382 (2022 - \$65,135) in costs for the Organization's governance, strategic planning, and industry engagement, and \$179,872 (2022 - \$64,550) of consulting costs for Applied Research Association/Forage Association and Extension business modelling.

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8. Research funding

Included in the CAP Admin Fund research funding is \$161,377 granted to More Than Protein Ingredients Ltd. (MTP) that could not be verified by the Organization. On March 7 and March 10, 2023, the Organization requested that these funds be returned to the Organization prior to March 31, 2023. MTP advised that it will not comply with the request. As such, the collectability of the funds is uncertain and the Organization will file a Statement of Claim to recover the funds.

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9. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk as it maintains all its bank accounts at a single financial institution. Balances in these accounts may exceed federally insured amounts.

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